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1. The Shanghai Joint Industrial and Commercial Preparatory Committee held conferences attended by 850 businessmen in Shanghai from 18 to 25 February 1951. During this conference the committee was made permanent,* a charter covering its activities was adopted, and the following officers were elected: SHENG P'ei-hua (盛丕華),* chairman; and WU Hsueh-chih (吳雪之), LIU Hung-sheng (劉鴻生),* JUNG I Jen (陳毅仁), and HSIANG Shu-hsiang (項叔翔), deputy chairman. The committee has an executive committee consisting of 150 members, in which there is a "control" group of 35 members including the chairman and deputy chairman of the overall committee. All industrial and commercial concerns in the Shanghai area are being compelled by Shanghai authorities to join this committee.**
2. As of December 1950 there was much smuggling between Shanghai and Japan. Goods smuggled to Japan included shoes and mahjong sets. Goods smuggled to Shanghai included hardware and machinery.
3. In mid-November the black market rate of the U.S. dollar in Shanghai was JMP 20,000, or 60 percent above the official rate, and the rate of the Hong Kong dollar was JMP 5,500, or 16 percent above the official rate. However, in mid-December the rate on U.S. dollars dropped to the official rate. At that time, the People's Bank lowered the official rate on U.S. dollars to JMP 30,000 buying and JMP 30,300 selling. Rates on currencies linked with the U.S. dollar were also lowered, e.g. the Canadian dollar was lowered to JMP 27,000 buying and JMP 27,280 selling. The U.S. note rate was lowered to JMP 28,500 buying and JMP 28,780 selling. The Shanghai black market sold U.S. dollars from JMP 35,000 down to JMP 30,000, and Hong Kong dollars from JMP 5,250 to JMP 4,600 — lower than the Hong Kong official rate.

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25X1A

- 2 -

25X1C

Comment: It was announced in early February that this meeting had been called, and would be presided over by SIENG P'ei-hua and YEN C-sheng. It is believed YEN C-sheng should have been reported as LIU C-sheng, which is an alias of LIU Hung-sheng. LIU has been active in urging businessmen to pay their taxes and buy their victory bond allotments.

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Comment: Economic and security conditions in Shanghai in late 1950 and early 1951 were discussed

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